

GREEN BOND IMPACT REPORT



2021



Bastionen, Copenhagen

THIS IS BALDER

Fastighets AB Balder is a listed property group who owns, manages and develops properties in Sweden, Denmark, Finland, Norway, Germany and the United Kingdom. Balder offers a diversified portfolio of residential and commercial properties as well as new construction projects in capitals and other major cities. By being a long-term and stable owner Balder creates attractive and safe areas for people to live and do good business in.

NUMBER OF EMPLOYEES

1,100

PROPERTY VALUE, SEK BILLION

199

NUMBER OF SQ.M. UNDER CONSTRUCTION

355,000

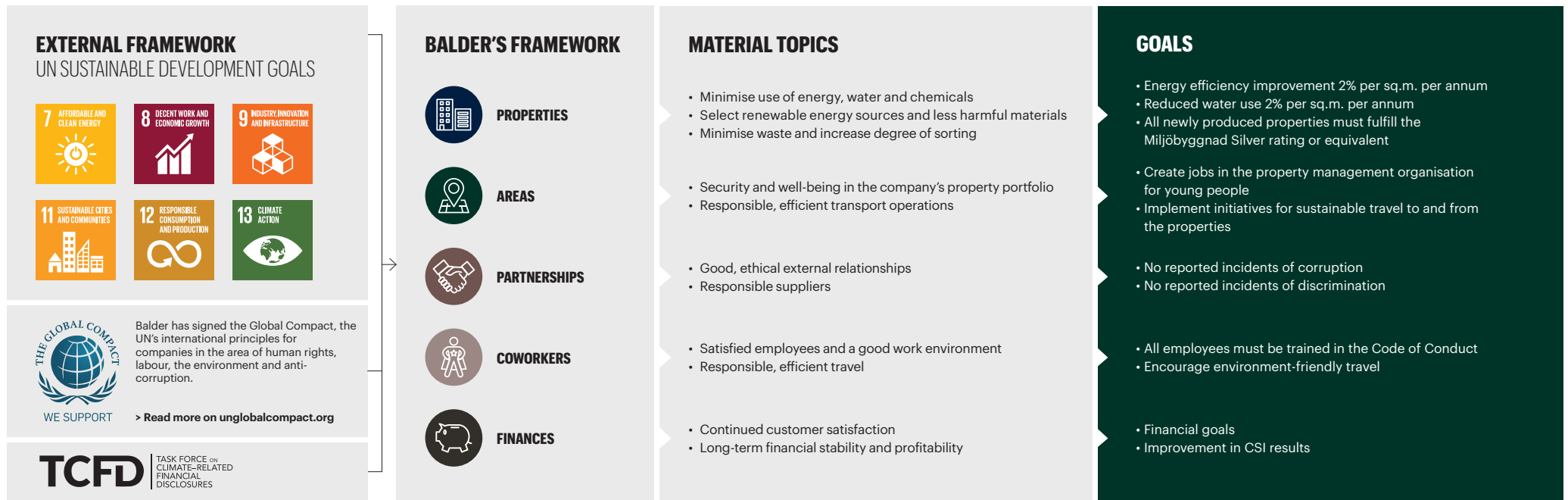
ESG RISK RATING ACCORDING TO SUSTAINALYTICS

13.8

PROJECT CARLSBAKKEN, COPENHAGEN

SUSTAINABILITY FRAMEWORK

Balder's framework for sustainability comprises five general elements that bring together the company's material topics in respect of social, environmental and economic sustainability.



Reducing energy use in buildings is an important issue for Balder. All electricity purchased for the properties is renewable electricity, and Balder also owns several wind farms in Sweden. Many properties also have solar panels and charging stations installed. The company is working continuously on operational optimisation and efficiency improvement in order to reduce energy use.

Balder's work on social activities focuses above all on security and well-being in the company's areas. Many activities are aimed at children and young people. Balder's employees working on site in the company's areas have close collaboration with various organisations, municipalities and other property owners so that better results can be achieved together.

A number of young people living in Balder's residential areas are hired every year as summer workers. Balder also offers work experience and work placements to students on property-related study programmes and within the framework of various local initiatives.

PROPERTIES



Balder's largest environmental impact takes place through the properties' energy consumption. This is the top priority from an environmental perspective, and Balder is working continuously to reduce energy consumption in its properties. All electricity purchased for the properties in Sweden is green electricity from renewable sources. Balder also owns wind farms, producing approximately 18,000 MWh yearly.

Other measures implemented to reduce consumption include window replacements, supplementary insulation of façades, adjustment or replacement of ventilation units and the replacement of light fittings. Balder has also made good progress in the installation and use of smart technical control systems that improve both comfort and energy consumption.

Balder has environmental certificates for some of its buildings, including Miljöbyggnad, BREEAM, LEED and Green Building, and several buildings are constructed according to Nearly zero-energy building (NZEB) standard. The goal is for all new constructions to meet the requirements of Miljöbyggnad Silver or equivalent certification.

Agerhusene, Høje Taastrup

AREAS



For Balder, it is important to contribute to developing entire areas and city districts where the company owns properties, and in doing so to create security and well-being among tenants. In order to increase security in the company's areas, Balder is involved in a number of different projects, often together with local actors such as municipal authorities, schools, the police, local associations and the local business community. The purpose is to work actively with integration, security and well-being in the city districts and areas where Balder owns properties.

Examples include various kinds of projects with security patrols, neighbourhood partnerships and security staff, as well as activities of a more social nature such as communal barbecue evenings and cultivation projects. Every year Balder also hires a large number of young people as summer workers in the company's areas.

PARTNERSHIPS



Social engagement is a natural element of Balder's work and a way of contributing to sustainable development. To succeed with this, it requires a high level of engagement among employees, but also that the company collaborates with municipal authorities and other actors.

Balder also collaborates with different actors in order to increase employment by offering work placements and mentoring. These initiatives are often linked to specific areas, to support young adults who find themselves outside the labour market.

COWORKERS



Balder's employees contribute to continuously developing the company. A precondition for this being possible is good working conditions that promote diversity, innovation and collaboration, while at the same time supporting the company's values.

Balder must be an attractive employer, which demands that the company has an ability to recruit and retain coworkers with the right competence. It is also crucial that these coworkers are happy and feel a sense of engagement for Balder and feel that they have an opportunity to develop within the company. Balder works continuously to create the conditions to make this possible.

All Balder's employees are obliged to act in accordance with Balder's Code of Conduct, which is based on international guidelines such as the United Nation's Global Compact, ILO's core principles and OECD's guidelines for multinational companies.

FINANCES



Balder aims to generate a good profit from property management through a high level of activity and efficient management. Having customers who are happy and stay in the company's properties is crucial for long-term financial sustainability.

The company secures financing that is sustainable in the long term through a diversified financing structure. Thanks to a strong cash flow, the company has the opportunity for flexibility, for example in terms of choice of letting form and when construction starts. Good financing is founded on a stable income statement and a stable balance sheet. Balder also has a goal that net debt to total assets shall not exceed 50% over time.

Balder's Green Bond framework has been developed in line with the industry standard Green Bond Principles 2018 and has undergone an independent evaluation by Cicero Shades of Green and been awarded the rating Medium Green. The framework provides an opportunity to issue green bonds, for the purpose of financing in particular green and energy-efficient buildings, but also investments in measures to improve energy efficiency and in renewable energy.

Colleagues Balder Sweden

CLIMATE GOALS

To further increase the pace of the sustainability work, Balder has set climate goals in line with the Paris Agreement and the 1.5-degree goal.

Balder aims to halve emissions in its own operations by 2030, with 2020 as base year, and to measure and reduce emissions in the value chain (Scope 3). Balder has also set a goal to achieve net zero emissions throughout the value chain (Scope 1, 2 and 3) by 2045.

To achieve these goals, the company will, among other things, increase the pace in energy efficiency projects, continuously reduce the volume of purchased energy and take several measures to increase sustainability in property development projects. Other activities include buying eco-labelled district heating and switching the vehicle fleet on an ongoing basis to fossil-free vehicles.

Balder has also signed up to the Science Based Targets Initiative with the aim of having science-based goals approved. The Science Based Targets Initiative is a framework for companies to set science-based climate goals that are in line with what is required to meet the objectives of the Paris Agreement. By signing up to this initiative, Balder has started work to get the company's climate goals verified and approved.



Balder's ESG risk rating from Sustainalytics was updated during the year to 13.8, which puts the company well within the low risk section.

Sustainalytics' ESG risk rating measures a company's exposure to industry-specific material ESG risks and how well a company is managing these. The analysis shows that Balder is performing well in relation to peers when it comes to minimising significant ESG risks, for example through strong governance and reporting.



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SUSTAINABLE DEVELOPMENT GOALS

Balder strives to contribute to the fulfillment of the UN Sustainable Development Goals and has selected six of the 17 goals that are considered most relevant to the company's business activities and where the company has the greatest opportunity to have an influence.

BALDER'S WORK ON THE UN SUSTAINABLE DEVELOPMENT GOALS

To link the selected goals more closely to the company's operations, the associated targets have also been analysed. Balder has interpreted goals and targets in order to identify the areas where the company has the greatest opportunity to contribute to the goals being achieved.



11. SUSTAINABLE CITIES AND COMMUNITIES



11.1 Safe and affordable housing
Balder assumes an active role in the development of entire areas and city districts. By building new homes with varied forms of tenure, Balder contributes to developing residential areas and improving security.



11.3 Inclusive and sustainable urbanisation
A blend of workplaces and homes produces more job opportunities in the local environment and creates new meeting places.



11.6 Reduce the environmental impact of cities
Solutions for increased mobility, such as proximity to public transport, cycle paths and electric vehicle pools are given priority in the development of properties and areas, as are green areas and areas for sport and recreation. Balder is also striving to promote effective waste management and to keep the areas clean and tidy.



7. SUSTAINABLE ENERGY FOR ALL



7.2 Increase the share of renewable energy in the world
All electricity purchased for the properties is green electricity, and Balder also owns several wind farms in Sweden. More and more properties are also having solar panels and charging stations installed.



7.3 Double the rate of improvement in energy efficiency
Balder has a strong focus on efficient energy consumption and works continuously on operational optimisation and efficiency improvement, by such means as

supplementary insulation, replacing windows and so on. During the year, an analysis of the property portfolio and operations was also performed with reference to the EU taxonomy, which has resulted in a number of proposed measures to improve energy efficiency.



8. DECENT WORK AND ECONOMIC GROWTH



8.4 Improve resource efficiency in consumption and production
Balder strives to achieve sustainable purchasing, following up on suppliers and buying locally wherever possible. The company works continuously to reduce the volume of waste and increase recycling, and to develop circular flows in the construction process.



8.6 Promote employment, education and work placements for young people
A number of young people living in the company's areas are hired every year as summer workers. Balder also offers work experience and work placements to students on property-related study programmes and within the framework of various local initiatives.



8.8 Protect labour rights and promote a safe and secure work environment for all
Balder strives to achieve greater diversity and equality, and a good work environment, where everyone is treated equally and offered opportunities for development. The company's standard agreement contains specific requirements that suppliers must comply with the international conventions that form the basis of Balder's code of conduct.



9. SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURE



9.2 Promote inclusive and sustainable industrialisation
Balder supports sustainable industrialisation and innovation, and works continuously with more efficient resource utilisation.



9.4 Upgrade all industry and infrastructure for increased sustainability
The company also strives to increase the proportion of recycled and reused material in both renovation and new construction, and to increase the use of new technology by such

means as the increased digitalisation of properties. Both in property management and new construction, the company depends on transport operations, and continual work is in progress to optimise these as much as possible to further reduce the environmental impact.



12. SUSTAINABLE CONSUMPTION AND PRODUCTION



12.4 Responsible management of chemicals and waste
Balder strives to minimise the volume of chemicals and waste, to use less harmful material and to apply the precautionary principle when selecting materials and handling chemicals.



12.5 Substantially reduce waste generation
To promote sustainable consumption and production, Balder strives to be prudent in its consumption of materials, with a focus on increased recycling.

Tenants are also encouraged in various ways to increase recycling. The company will also continue to increase the level of reuse and recycling, in renovation projects for example, to contribute to increased circularity, and to strive to increase levels of sorting at source and reuse.



13. CLIMATE ACTION



13.1 Strengthen resilience and adaptive capacity to climate-related disasters
Balder has initiated work to identify climate-related risks and opportunities in accordance with the recommendations from the Task Force on Climate-Related Financial Disclosures.



13.3 Improve knowledge of and capacity for climate change mitigation
In its continued work to identify climate-related risks and opportunities, Balder has an objective, among other things, to draw

up action plans at property level, and to make sure that all employees have relevant knowledge in this field.



ALLOCATION AND IMPACT

All proceeds from Green Bonds issued under Balder's Green Bond framework will be invested in assets and projects that will contribute either to the adaptation and/or mitigation to climate change. Proceeds may be used for both the funding of new assets and projects as well as re-financing. The eligible assets and projects include green and energy efficient buildings as well as investments in energy efficiency and renewable energy.



Carlsbakken, Copenhagen

EXAMPLES OF SOME ASSETS AND PROJECTS



LAVETTEN

Lavetten in Ørestad is certified according to DGNB Silver. Some of the features that are highlighted in the certification include the indoor climate, choice of materials, maintenance manuals, the quality of good outdoor surfaces, good conditions for cyclists, safety and security and good architecture.



DOMHERREN 1

Set in the former Stockholm School of Architecture, Domherren 1 provides offices, a work club and social spaces and serves as a cultural den for freelancers, entrepreneurs and established companies within the fashion, media, food and music industry. Domherren 1 is certified according to Miljöbyggnad Silver.

ASSETS AND PROJECTS FUNDED

This is Balder's third Green Bond impact report. Some of the properties included have been acquired or completed during the last year or the absolute consumption is for other reasons not available.

As a result, for some of them the average consumption is included in the table instead of the total actual consumption. All electricity purchased is renewable, and the heating is comprised of district heating.

Total amount of proceeds

RB 119	ISIN SE0011869825	1,900,000
RB 120	ISIN SE0012676591	1,400,000
RB 124	ISIN SE0013359494	1,300,000
RB 131	ISIN SE0013883295	500,000
Total value green bond, tSEK		5,100,000

Green assets, tSEK

Total market value	13,327,600
Green bonds	5,100,000
Other loans	6,120,900
Unutilised pool of green assets	2,103,700

Property	City	Environmental certification	Energy consumption absolute kWh	Energy consumption intensity kWh/sq.m.
Heden 47:3	Gothenburg	LEED Platinum	425,429	56.42
Tingstadsvassen 4:3	Gothenburg	BREEAM In-Use Very Good	138,941	36.83
Högsbo 23:4	Gothenburg	BREEAM In-Use Very Good	2,313,505	66.91
Stopet 1	Kungälv	Miljöbyggnad Silver	613,621	54.66
Lorensberg 55:15	Gothenburg	Miljöbyggnad Guld	176,813	33.24
Domherren 1 (A house)	Stockholm	Miljöbyggnad Silver	733,528	57.32
Lindholmen 39:2	Gothenburg	LEED Gold	750,000	56.40
Lakkegata 3	Oslo	BREEAM Very Good	510,000	59.64
Öresund Park	Copenhagen	NZEB BR2020	2,438,856	57.85
Faelledkanten	Copenhagen	NZEB BR2020; DGNB Silver	937,553	44.14
Lavetten	Copenhagen	NZEB BR2020; DGNB Silver	905,711	43.28
Bastionen	Copenhagen	NZEB BR2020	1,222,770	57.40
Carlsbakken	Copenhagen	NZEB BR2020	555,520	52.23
Lerholmen	Copenhagen	NZEB BR2020	505,520	35.17
Agerhusene	Copenhagen	NZEB BR2020	793,546	58.04

